

OGC Has Reviewed

11 July 1951

MEMORANDUM FOR: Deputy Director (Administration)
FROM: General Counsel
SUBJECT: Psychological Strategy Board

1. The President's directive ordered that Mr. Gordon Gray be paid \$16,000.00 a year. No agency, other than CIA, has the power to pay this amount without specific statutory authority. Since he is not a CIA employee, it is stretching even CIA's authority to make such payments. Consequently, if we are to pay Mr. Gray, I believe we should do so under specific instructions from the President.

2. A draft letter (Tab A) to this effect is attached which will be submitted through the Bureau of the Budget for signature. In the event it is decided that there is no need to have the President's signature, I think there should be at least a request from the White House by someone in a position to speak authoritatively, such as Mr. Donald Dawson. In this case, the draft letter (Tab B) will be used.

3. This office recommends the President's signature on Tab A.
25X1A

LAWRENCE R. HOUSTON

OGC/LRH:mw

Distribution:
Orig - Addressee
2 - Signer

TAB

General Walter B. Smith
Director, Central Intelligence Agency
Washington, D. C.

My dear General Smith:

On April 4, 1951 I sent a directive to the Secretary of State, Secretary of Defense, and yourself, establishing the Psychological Strategy Board and, under the Board, a Director to be designated by me who is to receive compensation of \$16,000.00 per year. I have now designated Mr. Gordon Gray to be the Director, and he has already undertaken his duties.

In order that Mr. Gray may properly perform those duties and organize a staff, it will be necessary for the Departments of State and Defense and the Central Intelligence Agency to extend him and his staff certain administrative support. Those Departments and the Central Intelligence Agency will arrange among themselves, with the approval of the Bureau of the Budget, for effective support as requested by Mr. Gray.

I specifically request that the Central Intelligence Agency undertake the necessary appointment action to regularize Mr. Gray's entry on duty, to continue necessary personnel actions in connection with the position of Director of the Board, and to pay the Director's compensation of \$16,000.00 per year from the effective date of Mr. Gray's entrance on duty.

In the event that Mr. Gray desires to appoint a Deputy Director to assist him in the performance of his functions, I further request that the Central Intelligence Agency undertake to give similar administrative support to the Deputy Director and pay his compensation at the rate of \$ [redacted] a year.
as ref to execd

TAB

General Walter B. Smith
Director, Central Intelligence Agency
Washington, D. C.

My dear General Smith:

~~Residential~~

By the Directive of April 4, 1951, to the Secretary of State, the Secretary of Defense and the Director of Central Intelligence, there was established the Psychological Strategy Board and, under the Board, a Director to be designated by the President and to receive compensation at the rate of \$16,000.00 per year. The President has now designated Mr. Gordon Gray to be the Director and Mr. Gray entered on duty on 2 July.

In order that Mr. Gray may properly perform his duties as Director and organize his staff, it will be necessary for the Departments of State and Defense and the Central Intelligence Agency to afford him and his staff certain administrative support. Those Departments and the Central Intelligence Agency will arrange among themselves, with the approval of the Bureau of the Budget, for effective support as requested by Mr. Gray. In accordance with the President's instructions it is specifically requested that the Central Intelligence Agency undertake the necessary appointment action to regularize Mr. Gray's entry on duty as of 2 July, to continue necessary personnel actions in connection with the position of Director of the Board and to pay the Director's compensation at the rate of \$16,000.00 per year commencing with the effective date of his entrance on duty.

In the event that Mr. Gray desires to appoint a Deputy Director to assist him in the performance of his functions, it is requested that the Central Intelligence Agency undertake to give similar administrative support to the Deputy Director and pay his compensation at a rate not to exceed \$14,000 per year.